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Statement by the Hon. **VITAS VASILIAUSKAS**,  
Governor of the Bank for the **REPUBLIC OF LITHUANIA**,  
on behalf of the Baltic Countries  
at the Joint Annual Discussion

**Statement by the Hon. Vitas Vasiliauskas,  
Governor of the Bank for the Republic of Lithuania,  
on behalf of the Baltic Countries  
at the Joint Annual Discussion**

It is a great privilege for me to address this distinguished audience today at this year's Annual Meeting and to speak on behalf of the Republics of Estonia, Latvia and Lithuania. In my speech, I will concentrate on the general issues of cooperation between the Baltic countries and the World Bank.

The year 2004 witnessed two historical events for the Baltic countries. Estonia, Latvia and Lithuania, together with seven other countries, joined the European Union. The Baltic States also became fully-fledged members of NATO. For small open economies like Estonia, Latvia and Lithuania, both events are of utmost importance in light of the transition process challenges our countries have had to overcome.

Membership in the EU has raised new challenges with membership requirements as well as new opportunities for the future development of our countries. EU membership provides an additional stimulus in the form of inflows of grants from the Structural Funds and the Cohesion Funds, as well as the Transitional Facility. At the same time, we will have to look for synergy between World Bank operations and interventions under the EU financial instruments in the attainment of our common goals.

An outstanding economic performance achieved during the past few years and a sustained upturn this year are common features of all three Baltic countries. The average growth rate for the Baltic countries was above 7.6 percent in 2003. Sound economic policy maintained by all three Baltic countries creates preconditions for a favourable economic development outlook in the years ahead. The Baltic countries pursuing their Convergence Programmes aim to comply with the key Maastricht criteria by 2007, and as a result, Estonia and Lithuania were admitted to enter ERM-2 this year, with Latvia expected to be admitted in January 2005. These achievements will allow us to fulfil the necessary requirements for early Euro introduction in all Baltic countries.

Over the past year, we continued fruitful and intensive cooperation with the World Bank through the implementation of investment projects. The presence and advice of the Bank and the IMF in many cases served the governments well in keeping track of undertaken reforms and commitments.

From now on, the European Union membership will open a new stage in the relationship between the World Bank and the Baltic countries, with a transition from a borrower-lender relationship to a partnership featuring in particular analytical work and technical advice - targeted at the key challenges the Baltic countries face - to secure growth and to enhance competitiveness.

The issues of economic growth and sustainable development are receiving greater attention by the World Bank. We welcome this shift not only from the viewpoint of operational implications for the Bank but also from the perspective of relevancy for all new EU Member States.

In this regard, I would like to emphasize the new dimension of the Bank's analytical work programme for the 8 new EU members covering the next 2-3 year period. We support the idea of cross-country analytical work for the EU8 and hope that this would contribute to the flexibility and cost-effectiveness of the Bank's assistance.

We welcome particular priority areas of the Bank's analytical work, such as labour market analysis, knowledge economy, public and private partnerships since these areas are not only interrelated but at the time relevant to sustained economic growth and competitiveness of all new EU Member States. The Bank's experience and advice in traditional sectors, such as education, including tertiary education financing, rural development, would also be beneficial for the Baltic countries.

On this occasion, I would like to convey our appreciation for the useful and productive cooperation with the World Bank and the International Monetary Fund and wish them every success in their future work.